
Introduced by Senator Morrow

February 19, 2003

An act to amend Section 17073.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 330, as introduced, Morrow. Personal income taxes: standard deduction.

The Personal Income Tax Law allows a standard deduction, as defined, in computing the income subject to tax.

This bill would double the amount of that deduction, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17073.5 of the Revenue and Taxation
2 Code is amended to read:
3 17073.5. (a) A taxpayer may elect to take a standard
4 deduction as follows:
5 (1) In the case of a taxpayer, other than a head of a household
6 or a surviving spouse (as defined in Section 17046) or a married
7 couple filing a joint return, the standard deduction shall be one
8 thousand eight hundred eighty dollars (\$1,880).
9 (2) In the case of a head of household or a surviving spouse (as
10 defined in Section 17046) or a married couple filing a joint return,
11 the standard deduction shall be three thousand seven hundred sixty
12 dollars (\$3,760).



(b) The standard deduction provided for in subdivision (a) shall be in lieu of all deductions other than those which are to be subtracted from gross income in computing adjusted gross income under Section 17072.

(c) (1) The provisions of this section shall be applied in lieu of the provisions of Sections 63(c) and 63(f) of the Internal Revenue Code, relating to standard deductions.

(2) Notwithstanding paragraph (1), Section 63(c)(5) of the Internal Revenue Code, relating to limitations on the standard deduction of certain dependents, and Section 63(c)(6) of the Internal Revenue Code, relating to certain individuals not eligible for the standard deduction, shall apply, except as otherwise provided. For purposes of this paragraph, the amount specified in Section 63(c)(5) of the Internal Revenue Code shall be adjusted for inflation in accordance with the provisions of Section 63(c)(4) of the Internal Revenue Code.

(d) For each taxable year beginning on or after January 1, 1988, the Franchise Tax Board shall recompute the standard deduction amounts prescribed in subdivision (a). That computation shall be made as follows:

(1) The California Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current calendar year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall compute an inflation adjustment factor by adding 100 percent to that portion of the percentage change figure which is furnished pursuant to paragraph (1) and dividing the result by 100.

(3) The Franchise Tax Board shall multiply the standard deduction amounts in the preceding taxable year by the inflation adjustment factor determined in paragraph (2), and round off the resulting products to the nearest one dollar (\$1).

(4) In computing the standard deduction amounts pursuant to this subdivision, the amount provided in paragraph (2) of subdivision (a) shall be twice the amount provided in paragraph (1) of subdivision (a).

(e) For each taxable year beginning on or after January 1, 2003, the standard deduction allowed by this section shall be twice

- 1 *the amount that would otherwise have been allowed prior to the*
- 2 *amendment of this section by the act adding this subdivision.*
- 3 SEC. 2. This act provides for a tax levy within the meaning of
- 4 Article IV of the Constitution and shall go into immediate effect.

